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This Week in Canadian Agriculture, issue 9 2008

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Report Highlights:

Cattlemen See Need for C\$50 Million to Help Meet Feed Ban Rules and SRM Disposal Costs *
Manitoba Hog Producers to Look at Legality of U.S. Country Of Origin Labeling Law Under
NAFTA * Manitoba Proposes Regional Hog Moratoriums to be Enshrined in Legislation * GOC
Introduces Improved Import Safety Legislation * Russia to Audit Canadian Fish Plants *
Agriculture Marketing Research Companies Announce Merger

Includes PSD Changes: No
Includes Trade Matrix: No
Trade Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CATTLEMEN SEE NEED FOR C\$50 MILLION TO HELP MEET FEED BAN RULES AND SRM

DISPOSAL COSTS: Last week, Gencor Foods Inc. (GFI) of Kitchener, Ontario, a major cull cow slaughter facility, announced its closure citing unprofitability and high costs associated with Canada's new enhanced feed rules (see CA8018). This week, the Canadian Cattlemen's Association (CCA) recently elected president wants the federal government to provide \$50 million to help packers offset the cost of the new feed rules implemented in July 2007 that deal with the handling and disposal of specified risk materials, or SRMs, the carcass parts associated with BSE transmission risk. CCA President Brad Wildeman told the media that without federal financial assistance more producers will leave the cattle business and more Canadian packing plants could close. Wildeman said C\$50 million in federal funds over two years should go to meat packers or the operators of rendering plants that deal with SRM material and that the savings would then be passed on to cattle producers. In July 2007, the Canadian Food Inspection Agency brought in rules last July to ban SRMs from animal feed, pet food and fertilizers. These materials had been banned from cattle feed since 1997. SRM and dead cattle must also be disposed of under strict rules. The beef industry alleges that Canada's SRM policy imposes about C\$39 per head in extra costs on Canadian packing plants, which makes them uncompetitive with their U.S. counterparts.

MANITOBA HOG PRODUCERS TO LOOK AT LEGALITY OF U.S. COUNTRY OF ORIGIN LABELING LAW UNDER NAFTA:

At the annual general meeting of the Manitoba Pork Council, hog producers in that province passed a resolution calling on their organization to seek legal advice on options regarding trade action under NAFTA by the Canadian government concerning U.S. Country of Origin Labeling (COOL). COOL, a 2002 farm bill provision, is scheduled to come into effect in September 2008. According to the farm press, producers at the Manitoba meeting said that several U.S. pork processors have already indicated they will stop handling Canadian hogs when COOL is implemented because of the potential need to segregate Canadian hogs. Other Manitoba producers allege that some U.S. hog finishers, those who feed young hogs to slaughter weight, are canceling contracts with their Manitoba suppliers of weanling pigs. *Comment:* In 2007, Canadian hog producers, mostly from Manitoba and Ontario, exported more than 10 million live hogs, slaughter and feeder, worth more than \$650 million, to U.S. hog feeders and processors. The threat of the loss of the live swine market under COOL is causing strong concern among Canadian hog producers. For more stories on COOL and the Canadian livestock industry, see CA8003, CA8009, and CA8015.

MANITOBA PROPOSES REGIONAL HOG MORATORIUMS TO BE ENSHRINED IN LEGISLATION:

Manitoba hog producers are looking for support among other agricultural commodity organizations to help fight the province's moratorium on hog production expansion. This week, Manitoba's Conservation Minister Stan Struthers introduced amendments to the province's Environment Act that would legislate the permanent halt to hog industry expansion in three regions of the province. On March 3, 2008 Minister Stan Struthers released the Clean Environment Commission (CEC) report *Environmental Sustainability and Hog Production in Manitoba* that recommended permanent moratoriums and new environmental restrictions in areas where expansion will be allowed (see CA8012). The 3 regions identified under the moratorium include Southeastern Manitoba, the Red River Valley Special Management Zone, and the Interlake. The remaining regions of the province would be subject to new, stricter requirements as recommended by the CEC including extending the ban on winter spreading of manure to all operations by 2013. "(The Manitoba) government has taken significant steps to protect water and to ensure the environmental sustainability of the industry," said Struthers. "This bill is part of an orderly process of establishing strong water protection following from the Clean Environment Commission's (CEC) report and this government's regulation to halt new or expanded hog barns."

GOC INTRODUCES IMPROVED IMPORT SAFETY LEGISLATION: The Canadian government introduced legislation in the House of Commons this week that will allow Ottawa to be tougher on food

and consumer products that endanger the safety of Canadians. This legislation is yet another step in the government's Food and Consumer Safety Action Plan, first announced in December 2007. Highlights of the legislation announced in the government's press statement are: (1) new powers for the federal government to order recalls of unsafe products, (2) increases in fines for violations, (3) A crack down on negligent, manufacturers, importers and retailers who knowingly endanger their customers, (4) improved access to public information on product safety, and (5) a requirement of mandatory reporting by suppliers of serious product-related incidents. The legislation package proposes amendments to the Food and Drug Act, as well as a new Canada Consumer Product Safety Act. Like the US who is in the process of strengthening its import safety laws after recalls of products from China that threatened consumer's health, Canada feels that the current the provisions of the 1969 Hazardous Product Act are out of step with current import flows and need to be updated to reflect the times. Details of Bill C-52, an act respecting the safety of consumer products is available at the following website:

www2.parl.gc.ca/HousePublications/Publication.aspx?Docid=3397415&file=4

RUSSIA TO AUDIT CANADIAN FISH PLANTS: According to the Canadian Food Inspection Agency (CFIA), Russia will audit Canada's Fish Inspection Program this summer. The Russian Federal Service for Veterinary and Phytosanitary Surveillance (FSVPS) has informed the CFIA that they wish to audit Canada's Fish Inspection Program with the objective of creating a list of Canadian establishments eligible for exporting fish to Russia. CFIA said that the request is consistent with the approach that they have used with other countries exporting fish to Russia. The FSVPS has requested that the CFIA prepare a list of establishments which are interested in exporting fish products to the Russian Federation. The FSVPS will conduct their audit by inspecting a random number of plants from this list. The results of the audit will be used by the FSVPS to establish their official list of plants eligible for exporting fish to Russia. *Comment: In 2007, Canada exported \$53 million in fish and seafood to Russia, about 2% of total Canadian fish and seafood exports that year, but the exports made up about 5% by volume. The U.S. was the largest market for Canadian fish and seafood exports accounting for \$2.2 billion, or 62% of Canadian fish and seafood exports, by value. However, Russia was the among the fastest growing export markets for Canadian fish sales. Exports to Russia in 2007 grew to 28,059 metric tons, up 21% from the year earlier level to that country.*

AGRICULTURE MARKETING RESEARCH COMPANIES ANNOUNCE MERGER: Recognizing the furthering integration of the North American agriculture and food markets, the agriculture division of the Canadian marketing firm Ipsos Reid is merging with US-based Forward Research. Once competitors, the two companies will now be working together in market research in the field of agribusiness, food and animal which has boomed due to the increasing demand for biofuels, equipment, farm inputs and increased consumer spending on pet products. The combined company, which will be know in the US as Ipsos Forward Research will capitalize on the proven research approaches provided by Ipsos Reid and the targeted marketing approached developed by Forward Research. The official press announcement was made on April 8th, is available at the following website: www.ipsos-na.com/news/pressrelease.cfm?id=3873

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA8015	This Week in Canadian Agriculture, Issue 7	03/21/2008
CA8012	This Week in Canadian Agriculture, Issue 6	02/29/2008
CA8009	Semi-Annual Livestock Report	02/29/2008
CA8008	This Week in Canadian Agriculture, Issue 5	02/29/2008
CA8006	This Week in Canadian Agriculture, Issue 4	02/08/2008
CA8005	COOL Update Briefing Note	01/29/2008

